

REVISIONS TO STAFF EXHIBIT 6.0
(ICC Staff witness Koch's Direct Testimony)

DIRECT TESTIMONY

OF

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RATES DEPARTMENT

TELECOMMUNICATIONS DIVISION

ILLINOIS COMMERCE COMMISSION

ICC ON ITS OWN MOTION

INVESTIGATION CONCERNING ILLINOIS BELL TELEPHONE COMPANY'S
COMPLIANCE WITH SECTION 271 OF THE TELECOMMUNICATIONS ACT
OF 1996

DOCKET NO. 01-0662 (PHASE 1)

March 20, 2002

(REVISED May 20, 2002)

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(Ameritech alternative regulation Annual Filing); I.C.C. Docket No. 99-00315 (infrastructure maintenance fee adjustments); I.C.C. Docket No. 99-0412 (Geneseo EAS petition); I.C.C. Docket No. 99-0544 (ATS Services certification case); I.C.C. Docket No. 00-0043 (Cub complaint of Ameritech usage plans); I.C.C. Docket No. 00-0187 (GTE sale of assets to Citizens Telecommunications Company of Illinois); I.C.C. Docket No. 00-0023 (complaint investigating Ameritech's termination penalties); I.C.C. Docket No. 00-0233/0335 (Consol.) (Phase I and Phase II); I.C.C. Docket No. 00-0393 (initial and rehearing investigation of Ameritech's line sharing tariff), and I.C.C. Docket No. 00-0812 (Phase I of Verizon cost docket).

B. Purpose of this Testimony

Q. What is the purpose of your Direct Testimony in this proceeding?

A. The purpose of this testimony is to examine Ameritech Illinois' ("AI" or "Company") compliance with the competitive checklist item requirements of Section 271 of the 1996 Telecommunications Act ("Act") relating to unbundled network element ("UNE") pricing issues. Essentially, this testimony examines all UNE pricing by Ameritech Illinois and examines how this pricing complies or does not comply with checklist items 2, 4, 7, ~~10~~, and 10-13 of Section 271 of the 1996 Telecommunications Act ("Act"). Specifically, I discuss general UNE pricing, ~~reciprocal compensation pricing~~, Customer Name ("CNAM") database pricing, high frequency

93 Therefore, I recommend that the Commission not provide a positive
94 consultation with the FCC regarding AI's Section 271 application until the
95 following actions have been taken:

96

97 1. AI must file TELRIC compliant rates or demonstrate that the interim
98 rates for the following are compliant with TELRIC principles: non-
99 recurring charges for UNE combinations; non-recurring charges for
100 UNEs; recurring UNE charges; ~~transiting rates~~; unbundled
101 switching and interim shared transport rates (ULS-IST); dark fiber;
102 unbundled sub-loop rates; ~~special construction charges~~; AIN
103 routing of OS/DA charge; CNAM database access charge; and
104 OSS modification charge for the HFPL UNE.
105

106 2. Ameritech Illinois should agree to allow all current proceedings
107 concerning UNE rates to become effective without applying for
108 rehearing.

109 3. Ameritech Illinois should agree to cap existing UNE rates.
110

111 4. Ameritech Illinois should agree to not introduce new or modified
112 cost models for the development of UNE rates, for new or existing
113 elements, until it receives prior approval from the Commission.
114

115 **Q. How is this testimony organized?**

116

117 A. The first section of this testimony is the introduction. The second section
118 consists of an overview of UNE pricing requirements and relevant Illinois
119 Commerce Commission ("ICC" or "the Commission") orders concerning
120 UNE pricing. Sections III through VI addresses Ameritech Illinois'
121 compliance with the UNE and essential services pricing requirements in
122 Section 271 of the Act. Section VII describes general concerns regarding
123 AI's cost models that are not specific to only one checklist item's

has determined that rates contained within an approved 271 application, including those that are interim, are reasonable starting points for interim rates for the same carrier in an adjoining state.

Connecticut 271 Order, Appendix D, ¶24.

It is entirely safe to assume that this Commission has demonstrated its commitment to TELRIC principles, so that particular requirement is met in all cases. However, some interim rates that Ameritech currently offers appear not to satisfy this test. The first instance is where the Commission has designated rates as interim because there was not sufficient evidence to determine appropriate permanent, TELRIC compliant rates; as such, it is difficult to characterize such rates as reasonable solutions to rate disputes. Specifically, the OSS modification charge ordered in Docket 00-0393 fits this description. ~~Although this exemplifies Ameritech Illinois' history of not properly supporting UNE rates, I conclude in Section II of my direct testimony that the interim rate for this UNE is sufficient for Section 271 purposes.~~ The second instance is where the company did not follow Commission orders regarding interim rates; again, this cannot be characterized as reasonable. Accordingly, each interim rate will be considered separately in the next section of this testimony.

3. Not Yet Approved Rates

This category consists of rates that are either (a) subject to an ongoing proceeding before the Commission, or (b) not yet investigated in a

635

636 A. Line sharing rates were the subject of Docket No. 00-0393. The
637 Commission has already issued an Initial Order and an Order on
638 Rehearing in this proceeding. There is currently a 2nd second rehearing of
639 the case in progress. The rates Ameritech Illinois filed for most services
640 on March 29, 2001 are, in Staff's opinion, for the most part compliant with
641 the initial order and can be considered Commission approved. However,
642 there is one exception- the \$0 OSS modification charge is an interim rate
643 ordered by the Commission.

644

645 The initial order required Ameritech Illinois to charge \$0 for OSS
646 modification, due to the company's failure to submit an adequate cost
647 study. No party to the proceeding disputed there are costs associated
648 with OSS modification, just that there was no means of determining what
649 the appropriate rate should be. The Commission recognized that this
650 fact.¹⁵ As such, this rate must be considered interim in nature. ~~As a \$0~~
651 ~~rated item, Ameritech Illinois cannot increase this rate without a proper~~
652 ~~showing of its TELRIC cost. Therefore, Staff is not concerned with this~~
653 ~~interim rate.~~

654

655 **Q. Please explain how AI's dark fiber and unbundled sub-loop rates are**
656 **not compliant with the requirements of Section 271.**

¹⁵ Order, Docket 00-0393 (March 15, 2001) at 88.

Commission can withhold a recommendation until such time as the Company agrees to this measure.

2. ~~That AI agree to must~~ file TELRIC compliant rates in compliance with or demonstrate that the interim rates for UNEs subject to the proceedings listed referred to in recommendation (1) above.

This recommendation applies to the following: non-recurring charges for UNE combinations; non-recurring charges for UNEs; recurring UNE charges; ~~transiting rates;~~ unbundled switching and interim shared transport rates (ULS-IST); dark fiber; unbundled sub-loop rates; ~~special construction charges;~~ AIN routing of OS/DA charge; CNAM database access charge; NGDLC UNE platform rates, and OSS modification charge for the HFPL UNE.

3. That Ameritech Illinois agrees to cap existing Commission approved UNE rates.

Capping Commission approved UNE rates is essential for the integrity and continuity of our Section 271 checklist review. Section VII discusses this requirement in depth.

4. That Ameritech Illinois agrees to not introduce new or modified cost models for the development of UNE rates, for new or existing elements, until it receives prior approval from the Commission.